



THE BINDER

Sell with a binder to insure a sale

The buyer of a property who anticipates reselling it within 2-3 years can save a significant amount in title charges by purchasing a binder. A binder is a temporary contract of insurance in which the title company agrees to issue a specified policy within a certain period of time. The binder must be requested before the property being purchased closes escrow. The fee for a binder is 10% of the basic rate for a full title policy. This is an addition to the applicable fee for an Owner's policy (usually paid for by the seller). The use of a binder in your transaction can result in a significant savings when the property is resold.

EXAMPLE: \$350,000 SALES PRICE Buyer plans to sell within two (2) years for \$450,000

In this case the basic rate is \$1,187.00. The binder fee is \$118.70, or 10% of the basic rate. The buyer sells the property two (2) years later for \$450,000. The basic rate for a full title policy at that price would be \$1,373.00. The buyer now pays the difference between the two basic rates, i.e., \$1,373.00 - \$1,187.00 = \$186.00.

| WITH BINDER | WITHOUT BINDER | TOTAL SAVINGS |
|---------------------------------|------------------------|--------------------------------|
| \$118.70 Initial Binder Fee | \$1,373.00 | \$1,373 ALTA Homeowners Policy |
| \$186.00 Paid at Time of Resale | ALTA Homeowners Policy | -\$304.70 Total Binder Fees |
| \$304.70 Total Binder Fees | | \$1,068.30 Total Savings |

THREE (3) YEAR BINDER

Prior to the expiration of the two year period, a binder may be extended for a third year for an additional 10% of the base rate.

If you would like to purchase a binder please contact your sales representative(s) immediately so we can mark your file. Binders must be purchased prior to close of escrow. Please don't hesitate to call if you have any questions.

